

AFFLELOU

Press release

Afflelou and its subsidiaries (the “Group”) publishes its second quarter results for the 2022/2023 fiscal year, as of and for the six months ended January 31, 2023.

Paris, March 23, 2023

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- Sales¹ at €224.9 million in second quarter of 2022/23 fiscal year, up 4.2% from the same quarter of the prior fiscal year, showing solid growth of optical business
 - Adjusted EBITDA² at €29.7 million for the quarter, up 11.2% from the prior comparable period and up 7.0% at €55.9 million for the six months ended January 31, 2023, as compared to the same period the year prior
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Commercial performance of AFFLELOU

Network sales reached €224.9 million in the first quarter of the current fiscal year, versus €215.8 million from the first quarter of the prior fiscal year. The ALAIN AFFLELOU optical banner recorded strong performance in each geographical areas, resulting in 6.5% growth versus the same quarter in the past fiscal year. This performance was attenuated by the reduction of our discount banner network and a slowdown of our hearing aid business after the strong growth of the latter recorded during the 2021 calendar year. On a cumulative basis, network sales amounted to €438.2 million for the first six months of the fiscal year ending July 31, 2023, 3.2% higher than the same period a year before.

The ALAIN AFFLELOU banner continued to grow to 1,388 stores as of January 31, 2023, from 1,342 a year before, with expansion in each of its main geographical areas, including an expansion of 53 points of sales at the hearing aid business, showing a growing footprint in France and Spain. On a whole, the Group total perimeter across all of its banners slightly declined to 1,435 stores as of January 31, 2023 as compared to 1,446 a year before, following the continued reduction of our discount perimeter.

AFFLELOU’s financial performance

Adjusted EBITDA grew at €29.7 million during the second quarter of the current fiscal year as compared to €26.7 million during the same period the year before, representing a growth of 11.2% and reached €55.9 million in the first half of the current fiscal year as compared to €52.2 million in the prior fiscal year, representing a 7.0% growth.

In France, Adjusted EBITDA was €24.1 million for the second quarter of the current fiscal year, which was 10.8% higher than in same period of the previous fiscal year, thanks to the strong growth of our ALAIN

¹ Network sales comprise sales (excluding VAT) to end customers by all of the Group’s distribution channels, including directly-owned stores. Sales of the franchisees are based on monthly sales reports provided by the franchisees pursuant to their reporting obligations under franchise agreements.

² Adjusted EBITDA is defined as operating income from ordinary activities as presented in the Group’s consolidated financial statements, before (i) depreciation and amortization of property, plant and equipment, and intangible assets, (ii) changes in provisions for trade receivables and inventories, and (iii) management fees, management long term incentives and acquisition price supplements, if applicable in each case.

AFFLELOU optical banner. Indeed, the slowdown of our hearing aid business and the reduction of our discount perimeter had a limited impact on our EBITDA growth, given their lower historical contribution to our profitability. In Spain, Adjusted EBITDA grew by €0.5 million to €4.7 million in the second quarter of the current fiscal year, with a positive impact of our optical banner sales on our overall profitability as in France, and, similarly, a strong contribution of directly owned stores. Finally, Adjusted EBITDA in our Other countries reported a growth of €0.1 million or 11.3% in the second quarter of the current fiscal year as compared to the year prior, reflecting the significant growth in its main geographical regions.

Cash flows in the first half of the fiscal year were affected by seasonal impacts of our communication and exclusive products expenses, temporarily attenuating our cash flow generation. Nevertheless, our net debt slightly improved at €556.6 million as of January 31, 2023, versus €559.9 million as of July 31, 2022.

Anthony Afflelou, Chief Executive Officer of AFFLELOU Group, stated: *“The ALAIN AFFLELOU banner delivered a strong growth in the second quarter of our current fiscal year, with a quite positive outcome on our profitability. Total sales in the 2022 calendar year were well oriented and outperformed significantly our market. The expansion of our hearing aid business was marked by the implementation of more than 50 new points of sales from a year ago, showing large synergy with our optical business. We also re-launched successfully the hearing aid banner in Spain where we now have more than 100 points of sales, and foresee an upcoming expansion of that business in other geographies like Belgium.*

Our capacity to innovate is again demonstrated by the success of our Magic collection now covering all our exclusive collections. We are also first mover with the current deployment of tele-ophthalmology in our network bringing a solution to glasses wearers facing difficulties to accommodate appointments with ophthalmologists. Finally, through its renewed attractiveness, the ALAIN AFFLELOU banner continues to deliver network sales growth and perimeter expansion.

About Afflelou:

Founded in Bordeaux in 1972 by Alain Afflelou, the Group is one of Europe’s leading franchisors of optical products and hearing aids. In 2019, the Group operated the largest franchise network of optical products (in terms of store numbers) and the Alain Afflelou banner ranked third in France with a 10% market share (in terms of store numbers), in a historically fragmented market that includes many independent retailers. The Group has a long-standing presence in France, but also a strong foothold in Spain, where it operates the largest banner of optical products (in terms of store numbers) and the fourth largest (in terms of revenue). The Group, which is continuing its global expansion, is present worldwide, with 1,461 stores in 19 countries as of July 31, 2022

Forward Looking Statements

This press release may include forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms as “believe”, “expect”, “anticipate”, “may”, “assume”, “plan”, “intend”, “will”, “should”, “estimate”, “risk” and or, in each case, their negative, or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts and include statements regarding the Company’s or any of its affiliates’ intentions, beliefs or current expectations concerning, among other things, the Company’s or any of its affiliates’ results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which they operate. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward looking statements are not guarantees of future performance and that the Company’s or any of its affiliates’ actual results of operations, financial condition and liquidity, and the development of the industries in which they operate may differ materially from those made in or suggested by the forward looking statements contained in this press release. In addition, even if the Company’s or any of its affiliates’ results of operations, financial condition and liquidity, and the development of the industries in which they operate are consistent with the forward looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

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